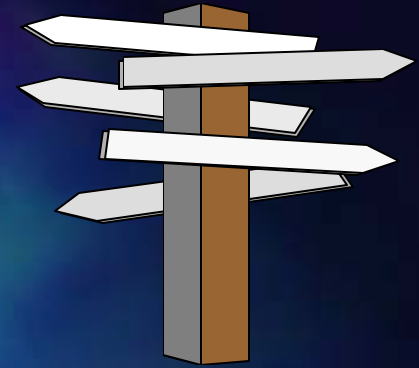


# *HEALTH INSURANCE PORTABILITY & ACCOUNTABILITY ACT*

## Transaction Rule Provider & Health Plan Impacts & Solutions

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# *Presentation Topics*



Provide an understanding of:

- ✓ Transaction Rule requirements for Providers & Health Plans
- ✓ Transaction Rule Compliance Options for Providers & Health Plans
- ✓ Solution Options
- ✓ Testing & Certification

## *Assumptions...keep in mind*

- ✓ HIPAA applies to all Counties.
- ✓ Most Counties will operate as both a provider and a health plan
- ✓ All Counties will need to assess their operations for applicability of the Transactions Rules to their functions, and the appropriate compliance option(s)

## *Relevant HIPAA Transactions...*

- ✓ Health Care Claim (837)
- ✓ Remittance Advice or EOB (835)
- ✓ Health Claim Status Inquiry (276) & Response (277)
- ✓ Referral Certification & Authorization (278)
- ✓ Eligibility Inquiry (270) & Response (271)

# *Provider Requirements*

- ✓ *Submitting claims to a Health Plan for health services*
- ✓ *You must use national code sets for health services*
- ✓ *If you wish to submit any covered transaction electronically, it must be in the HIPAA compliant format*



# *Health Plan Requirements*

*If you perform the function in any manner, you must be able to accept HIPAA transactions and respond electronically in a HIPAA compliant format, when requested to do so by providers*

# *Health Plan Functions*

- ✓ Accepting & responding to requests for eligibility status
- ✓ Accepting & responding to requests for service authorizations
- ✓ Processing claims for health services
- ✓ Sending Explanations of Benefits (EOBs) for processed claims
- ✓ Accepting & responding to claims status inquiries

## *Notes....to keep in mind*

- ✓ Regardless of HIPAA Transactions compliance requirements, on-going work will be necessary to comply with other HIPAA requirements
- ✓ References to Standard Transactions always includes National Code Sets
- ✓ Compliance options are not discussed in any specific order of preference, complexity, etc., and can be used in combinations
- ✓ This information is vendor-neutral



# *Prepare to Evaluate Options...*

- ✓ Establish HIPAA Implementation Teams
- ✓ Review/Document operational functions
- ✓ Health services vs. Non health services
- ✓ Determine which functions require remedies (Gap Analysis)
- ✓ Align options with long range, strategic plans & budgets
- ✓ Consider future HIPAA requirements
- ✓ Communicate with business associates, internal & external, to determine expectations & identify opportunities to collaborate

## *Prepare to Evaluate Options...*

- ✓ Develop Detailed Business Requirements
  - ▶ Involve IT staff to assist with scalability, portability, flexibility, reusability, interoperability

# *Transaction Options*

- ✓ Modify local system(s)
- ✓ Purchase or lease Translator Software Package
- ✓ Contract with Clearinghouse to perform translator function(s)
- ✓ Contract with Third Party Administrator (TPA)

## *More Options...*

- ✓ Collaborate to use, or design a compliant system/process
- ✓ Modify business functions
- ✓ Use health plan claims submission software (a provider's solution for electronic claims submission only)

# *Modifying Local Systems...*

## *Services & Costs*

- ✓ Development, resource/vendor costs
  - ✓ Staff Augmentation
  - ✓ Time & Materials
  - ✓ Fixed Pricing
- ✓ Maintenance Costs



## *Translators...how to use them*

- ✓ Develop in-house translator to accept and process standard transactions
- ✓ Purchase and install packaged translator software locally
- ✓ Lease software; use remotely
- ✓ Contract with clearinghouses
- ✓ Contract with TPAs

# *Translators...*

## *Definition*

- ✓ Crosswalks and/or maps data from one format to another format
  - ✓ Converts data (such as a claim) from one format to another
- ✓ Software applications that may be installed on the front end and/or back end of a system
- ✓ Can not create data that does not exist

# *Translators...*

## *Services*

- ✓ Potential resource for all current HIPAA EDI transactions
- ✓ Provides Editing Logic
- ✓ Data Conversion
- ✓ Data Validation
- ✓ Varies
  - ✓ based on usage
  - ✓ vendor agreements
  - ✓ package features

# *Translators...*

## *Costs*

- ✓ Similar to other software pricing
- ✓ May include Leasing, Purchasing, Licensing, & Maintenance price variations and combinations
- ✓ Costs generally based on sophistication of functionality
- ✓ Installation/Set-up Costs
- ✓ Hardware Requirements
- ✓ Maintenance Infrastructure

# *Clearinghouses...*

## *Definition (dual functions)*

HIPAA Regulations defines as:

...entity that can process or facilitate the processing of a non-standard format or partial non-standard data received from another entity, into a standard transaction...(or vice versa)



# *Clearinghouses...*

## *Services*

- ✓ Potential resource for all current HIPAA EDI transactions
- ✓ Connectivity
- ✓ Communications
- ✓ Trading Partner Interfaces
- ✓ Routing Services

# *Clearinghouses...*

## *Costs*

- ✓ Average ranges \$ 0.25 to \$1.00 per claim (Costs for other trans?)
- ✓ Costs are generally based on volumes
- ✓ May include Set-up and/or Subscription fees
- ✓ In-house liaison for set-up and maintenance

# *Third Party Administrators (TPAs)...Definition*

## Interpretation:

An independent person or corporate entity (third party) that administers benefits, claims processing, and other related administrative services for another organization, for a fee under contractual arrangements. A TPA does not underwrite or assume the risk for benefits

## *Third Party Administrator (TPAs)...*

- ✓ Most will provide HIPAA compliant services
- ✓ A potential resource for all current HIPAA Transactions
- ✓ Agreement based
- ✓ May include set-up charges
- ✓ Transaction fees may be volume based
- ✓ Significant internal liaison work

# *Collaboration...design compliant systems...*

- ✓ Within HIPPA workgroup/agency
- ✓
- ✓ County-wide
- ✓ Cross-Counties
- ✓ Business Associates



# *Modify Business Process/Functions...*

- ✓ Low volumes of transactions may necessitate this need
- ✓ Manual processes are more easily changed
- ✓ Consider impacts to systems & forms
- ✓ Document all changes

## *Use Health Plan Software*

- ✓ Evaluate flow of data (e.g., identify all receivers of claim info)
- ✓ Survey industry for opportunities to collaborate with those who offer compliant software or solutions
- ✓ Determine if or which business associates are using/offer compliant billing software

# *Use Health Plan Software*

- ✓ For provider submissions
- ✓ For Medicare & Medicaid submissions
  - ✓ CMS Solution
    - ✓ Available free of charge at CMS website:
    - ✓ <http://www.cms.hhs.gov/hipaa>
    - ✓ Only for Medicare and Medicaid submission
    - ✓ Manual data entry is required

# ***General Cost & Business Implications***

*...apply to all options*

## ■ Productivity Impact

- User input into requirements
- Project Management
- Testing
- Training
- Learning Curve
- Maintenance

## ***Evaluate Solutions...a checklist***

- ✓ Tested & Certified
- ✓ Documentation
- ✓ Help desk support
- ✓ Training programs
- ✓ Service level commitments
- ✓ References from other users
- ✓ Resource skills & availability
- ✓ Standard project plan with roles, responsibilities, and timelines
- ✓ Additional services & costs
- ✓ Maintenance costs



## *Rule of Thumb*

The implementation of any of these options should be pre-defined and spelled out in agreements

# *General Agreement Guidelines*

## ■ Includes Defining:

- ▶ Detailed business requirements
- ▶ Roles & responsibilities
- ▶ Timelines
- ▶ Fees & costs
- ▶ Local legal language & requirements

# *Testing & Certification*

- ✓ Testing will be necessary for both Providers and Health Plans
- ✓ Required for incoming & outgoing transactions between all entities
- ✓ Transaction extension requires testing to begin by April 2003
- ✓ Certification will alleviate some of the repetitive testing between entities

# *Testing....*

- ✓ Six levels of testing recommended:
  - ✓ X12 syntax integrity
  - ✓ Implementation Guide requirements
    - ✓ Loops, valid segments, elements, codes
  - ✓ Balancing of amounts
    - ✓ Claims, remittance, COB, dates, etc.
  - ✓ Code Sets
    - ✓ X12, ICD-9, CPT4, HCPCS, Reason Codes, others
  - ✓ Situational requirements
  - ✓ Specialty or Line of Business
    - ✓ Oxygen, spinal manipulation, ambulance, anesthesia, DME, etc.

# *Certification...*

- ✓ Voluntary “Compliance Testing”
- ✓ Self Certification
- ✓ Third party certification
  - ✓ Not required by HIPAA
  - ✓ Independent Verification and Validation mechanism for all trading partners
  - ✓ May be required by trading partner as part of the Trading Partner Agreement



# *Testing vs. Certification...*

- ✓ Testing is for yourself, or between yourself and your trading partners
- ✓ Certification is by third parties
- ✓ Certify once, use certification in many trading partner relationships
  - ✓ Simplify testing
  - ✓ Reduce cost of testing phase
- ✓ Certification should be recognized by all trading partners
- ✓ Certification must be done by a neutral third party
- ✓ Certification process must be disclosed, verifiable, and accepted by industry



***That's All Folks***

**Comments &  
Questions?**